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ABSTRACT

Changing public policies have had a negative impact on urban child care in Minnesota over the last 25 years. A recent study of inner city child care programs found that: (1) many programs were in a continual state of financial crisis because of fluctuations in demand; (2) government reimbursement rates to centers based on average market rates did not reflect the actual cost of providing quality care; and (3) many of the programs studied lacked the organizational and financial management systems needed to maximize possible resources. The Greater Minneapolis Day Care Association (GMDCA) has been working in collaboration with county, city, and school district authorities to enhance the quality of urban child care programs. The GMDCA has begun to tie grant to quality and fiscal assessments. The city, county, and state governments, along with the local business community, have become more aware of the relationship between quality preschool programs and school readiness. GMDCA has also undertaken to solicit additional funding from county and school district authorities to help urban child care programs improve quality and reduce waiting lists for subsidized child care. (MDM)

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THE IMPACT OF PUBLIC POLICY ON URBAN CHILD CARE IN MN

Speech made by Constance C. Bell, Executive Director of the Greater Minneapolis Day Care Association as panelist at a workshop on "The Child Care Crisis in Urban Areas", National Association of Resource and Referral Agencies' 6th Annual Policy Symposium, Feb. 25, 1994.

First, I will briefly review the impact of changing public policies on urban child care in Minnesota over the last twenty-five years and then look at some innovative programs which the Greater Minneapolis Day Care Association (GMDCA) is undertaking to enhance the quality of urban child care programs in collaboration with our county, the City of Minneapolis, and the Minneapolis Public Schools.

I decided to do a retrospective in part because it is applicable to what has happened in many other urban areas around the country. I have been at GMDCA in one capacity or another since 1968 so I've lived many of the changes in public policy which have affected urban child care centers.

Urban child care got its first boost in our county through several War on Poverty projects such as Model Cities and the Concentrated Employment Project. However, the issue of long term funding was not resolved until our county agreed to use Title IVA (later Title XX) funds for centers serving low income clients.

In the early 1970's, Hennepin County's funding method was a contract which GMDCA helped centers negotiate. Federal inter-agency day care requirements were used to determine staff to child ratios. If a program maintained 85% enrollment overall, the program received its total yearly budget.

However, the number of programs funded was relatively small (20+) and the spread of programs was geographically uneven; there were only two programs funded in the suburbs although some poor people lived in those areas. A partial solution to this problem was the addition of some family child care homes from which eligible parents could choose.

Then in 1979, our state decided to eliminate the state-funded Child Care Facilties Act and use those dollars to set up a state sliding fee program for working poor families. Today, our state contributes $9.7 million to the basic sliding fee with $15 million coming from federal CCDBG funding and at-risk funds. (Over half of our counties put in more than their required 15% match). While the new sliding fee program increased access to more programs for

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parents, sliding fee underfunding and policies have had a destabilizing effect on inner city programs.

In 1983, Hennepin County eliminated practice of contracting directly with the Title XX programs and allocated its contracted dollars to the sliding fee to provide more parent choice - a legitimate goal especially given limited availability of Title XX programs in the suburbs. County staff also saw the sliding fee as a way to reduce costs by opening up less expensive family child care and center options. Not so coincidentally, this change coincided with federal budget cuts and Reagan's decision to eliminate federal inter-agency day care requirements.

The end result was a serious erosion of the quality and financial stability of the inner city programs. Without contract negotiations, inner city centers lost all bargaining power for decent wages, staff to child ratios, and other social services. It put fragile inner city programs in competition for limited sliding fee dollars with programs in more affluent areas of the county which didn't need lower staff to child ratios or comprehensive services and which could count on fee paying clients to fill their centers.

Over the years at least eight of the original centers closed due to financial and other problems. The most severe problem occured in July of 1989 when our county froze the sliding fee program and the waiting list grew to 3,500 families. 12 centers and some family child care homes representing up to 40% of our inner city care centers were in danger of closing if the sliding fee freeze continued. The problem was so severe that we made a special appeal to the mayor of Minneapolis and to the McKnight Foundation for $100,000 each in additional sliding fee dollars which we then targeted to the programs which were in danger of closing (that is, parents could get help if they enrolled their child in one of the programs threatened with closure).

One of the requirements of the McKnight Foundation grant was that GMDCA conduct a study to find out why some programs were having having so much difficulty surviving in a competitive market place. Basically, we knew the answer but it was an opportunity to lay out the issues for the City, the County and the funding community.

What we found in our study, "Moving Beyond A Cycle of Crisis: The Inner City Marketplace" was the following:

1. Inner city child care programs were in continual financial crisis because of fluctations in demand. The major cause of the fluctuations was underfunding of the child care sliding fee resulting in periodic freezes. Other reasons included high turnover of families and the inability

of those programs to find fee-paying clients because of where the centers were located and the low income populations they serve. Indemic Racism was certainly a part of the picture as well.

2. Reimbursement rates based on an average market rates did not reflect the actual cost of providing quality care and education for inner city families. These families need an enhanced level of care, not unlike Head Start or the old federal interagency day care requirements. The CCDBG rule that rates are to be based on 75% of the market is inadequate if inner city children are to receive the level of care they need.

3. Many of the programs we studied lacked the organizational and financial management systems to maximize possible resources. The programs needed help in improving their management practices and adequate funding for support services such as a bookkeeping. Non-existent boards, crisis management, and non or late payment of FICA were several of the problems we found. Instead of tending to management issues, directors were having to substitute in classrooms, make lunch, or were providing other kinds of direct services when budgets got tight.

Over-all, our conclusion was that while federal and state sliding fee programs had provided better access to child care for many low income families, loss of direct contracts, inadequate funding, and rules setting rates at the 75% of the market for sliding fee payment have have eroded the quality and stability of inner city child care.

What have we done since to remedy the problems?

First, we began tieing grants to quality and fiscal assessments and consulting. For example, for the last five years GMDCA has been the vendor and fiscal agent for over $2.1 million of renovation grants from the City of Minneapolis. We developed tools to assess quality and fiscal health along with an assessment of the soundness of the renovation request, and tied some additional consultation to receipt of the grant. In other words, programs had to prove that they had the management system in place to stay in business, had to be open to scrutiny, and willing to make changes if need be to provide high quality care and fiscally responsible management.

Second, there has been a growing awareness on the part of the mayor and Minneapolis City Council, County Commissioners and staff, the United Way Success by Six effort, State, and the business community of the importance of quality early child development to school readiness. While most of the support has been for an expansion of Head Start, gradually

public policy makers have become aware of the importance of early childhood care and education in child care settings.

GMDCA had worked long and hard with county staff in regard to the large number of children with special needs enrolled in inner city centers. The County had funded GMDCA to provide special needs training and special needs coordinators at some of the centers serving especially high numbers of low income special needs children. County staff knew only too well how many difficult children were being placed in child care centers, including many children who were victims of abuse and neglect.

Building on this concern, Nancy Johnson, GMDCA's director of Organizational Quality and author of our "Moving Beyond A Cycle of Crisis" study, talked Hennepin County into funding five inner city programs at a special needs rate which reflected low staff to child ratios, teacher planning time, and other comprehensive services. This was a decided risk for the programs which agreed to participate as it made it almost impossible to find fee paying parents who could afford rates which ranged from $8 - 10,000 a year. The designated programs were to be called Strong Beginnings programs and each had to commit to meeting certain standards including low staff to child ratios and a willingness to become accredited. This was a helpful first step. It allowed the five programs to get a higher rate for their services through the State Sliding Fee program.

Then when the Minneapolis School District was successful in approval of a six year school referendum raising $3 million per year for early childhood services, we worked with school officials to get part of those dollars to extend the Strong Beginnings program in order to enhance the quality of full and part day child care for 3 - 5 year olds with special needs. The City Council also set aside $500,000 for start-up of the school district's Strong Beginnings program.

We are now completing our first year of the Strong Beginnings program in collaboration with Minneapolis Public Schools. $500,000 per year was allocated for up to 166 children. So far 127 children have been placed in 20 centers and 2 family child care homes which have agreed to meet the Strong Beginnings Program standards. 29% of the children are in part day centers, that is, their parents are not in work or training. 71% are in full day programs. Eligibility for the school district Strong Beginnings program is based on the child having special needs but who not eligible for special ed services. Referrals come from preschool screening which is a mandatory service for all pre-kindergarteners, from public health nurses, special needs coordinators and the like.

There are some key differences between the County Strong Beginnings Program and the School District program. In the County's program, the center is identified as a Strong Beginnings/special needs program: the children are not individually identified and any sliding fee or Stride eligible child can enroll there and receive the high level of services. Obviously, there is an identification of the individual child in the school district's program but the referrals are largely being seen as a way to provide high quality early intervention services - not to label kids.

While both programs are not without their problems, we are pleased that we have found some ways to provide better quality services and enhance the stability of the inner city programs.

We are also working on at the County, State and Federal levels to increase sliding fee dollars. In our county there is currently 21 month wait for sliding fee assistance. Over 2400 families and 3800 children are on the waiting list. We recently were successful in getting the County to add $500,000 to its sliding fee budget and through Child Care Works, our State child care advocacy coalition we are requesting an additional $32 million to cover the state wide waiting list which now numbers 6200 families. We have also been fortunate over the past 19 years to receive CDBG social services funding that has enabled us to fund advocacy, public education, a small sliding fee program and emergency funding for parents.

While we think Minnesota has been one of the best states in the nation for child care, there is still much to be done to improve access to and quality of urban child care programs. Urban child care programs must survive in a marketplace, an economic system where child care services are bought and sold. Unless the marketplace is adequately funded, the quality of care being provided to many children in urban areas will continue to be inadequate and unstable.